Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

Message Text

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PAGE 01 STATE 060040

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ORIGIN SS-25

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DRAFTED BY EB/ORF/FSE:SWBOSWORTH:LS
APPROVED BY EB JULIUS L. KATZ
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L:SMSCHWEBEL
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S/S-: JHOGANSON
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O 180252Z MAR 75
FM SECSTATE WASHDC
TO AMEMBASSY STOCKHOLM IMMEDIATE
INFO AMEMBASSY LONDON IMMEDIATE
AMEMBASSY BRUSSELS
USMISSION OECD PARIS

C O N F I D E N T I A L STATE 060040

EXDIS

E.O. 11652: GDS

TAGS: ENRG

SUBJECT: SWEDISH POSITION ON IEA AGREEMENT ON ACCELERATED DEVELOPMENT.

1. AS WE REPORTED FOLLOWING LAST IEA GOVERNING BOARD MEETING, SWEDISH DELEGATION EXPRESSED CONSIDERABLE DOUBT AS TO WHETHER SWEDISH GOVERNMENT WOULD BE ABLE TO GIVE FORMAL APPROVAL TO PRELIMINARY UNDERSTANDING REACHED ON IEA COOPERATION IN ACCELERATED DEVELOPMENT. SWEDISH RESERVATIONS APPEARED TO STEM PRIMARILY FROM POLITICAL CONSIDERATIONS ASTO WHETHER IEA SHOULD TAKE ANY DECISIONS ON ACCELERATED DEVELOPMENT COOPERATION IN ADVANCE OF FORMAL DIALOGUE WITH THE PRODUCERS. SWEDISH DELEGATE ALSO EXPRESSED SOME QUESTIONS REGARDING THE ECONOMIC IMPACT OF AN IEA SYSTEM WHICH WOULD INCORPORATE AN AGREEMENT ON
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 060040

A COMMON MINIMUM PROTECTED PRICE FOR OIL AS ENVISIONED IN

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

THE PRELIMINARY UNDERSTANDING REACHED ON MARCH 6-7.

2. WE HAVE REFRAINED FROM ANY DIRECT APPROACH TO THE SWEDISH GOVERNMENT ON THIS ISSUE UNTIL NOW IN THE BELIEF THAT ANY STRONG PRESSURE FROM THE US MIGHT BE COUNTER-PRODUCTIVE IN TERMS OF SWEDEN'S OWN DECISION-MAKING PROCESS. HOWEVER, WE HAVE NOW BEEN INFORMED PRIVATELY AND INFORMALLY BY THE DANES THAT THE SWEDISH GOVERNMENT HAS DECIDED NOT REPEAT NOT TO APPROVE THE PRELIMINARY AGREEMENT AT THE FORTHCOMING IEA GOVERNING BOARD SESSION ON MARCH 19-20. ACCORDING TO THIS REPORT, SWEDEN IS CURRENTLY CONSIDERING WHETHER: (1) TO VOTE AGAINST THE DECISION, OR (2) TO ASK THAT IT BE MADE SUBJECT TO VOTING PROVISIONS OF IEP ARTICLE 61(2), UNDER WHICH UNANIMOUS DECISIONS CAN BE SPECIFICALLY MADE NON-BINDING ON ONE OR MORE MEMBER COUNTRIES.

3. FOR STOCKHOLM: YOU SHOULD REQUEST IMMEDIATE APPOINT-MENT WITH APPROPRIATELY HIGH LEVEL GOS OFFICIALS TO INQUIRE AS TO THE EVOLUTION OF THEIR POSITION ON THIS ISSUE. YOU SHOULD NOT REPEAT NOT REFER TO THE REPORT WE HAVE HAD FROM THE DANES; RATHER YOU SHOULD INDICATE YOU HAVE SIMPLY BEEN INSTRUCTED TO INQUIRE AS TO SWEDISH POSITION ON EVE OF IEA GOVERNING BOARD MEETING. YOU SHOULD STRESS THE IMPORTANCE WHICH USG ATTACHES TO IEA AGREEMENT ON THE MODALITIES OF ITS COOPERATION IN THIS CRITICAL AREA OF ACCELERATED DEVELOPMENT, BOTH IN TERMS OF ITS OWN REDUCED DEPENDENCE OBJECTIVES AND IN TERMS OF ITS ABILITY TO CONDUCT EFFECTIVE DISCUSSIONS WITH THE OIL PRODUCERS. WE DO NOT VIEW AGREEMENT ON A MINIMUM PRO-TECTED PRICE FOR OIL AS A CONFRONTATIONAL MECHANISM; RATHER IT IS A CRITICAL LINK IN OUR OVERALL CONCEPTUAL APPROACH TO THE OIL PRODUCERS, WHICH IS DESIGNED TO BE ONE OF COOPERATION RATHER THAN CONFRONTATION. YOU SHOULD FURTHER STATE THAT THE AGREEMENT NOW SOUGHT IS NOT DEFINITIVE; IT IS RATHER AN AGREEMENT TO AGREE SUBSEQUENT-LY, AND ONE WHICH IS SUBJECT TO THE UNDERSTANDING "THAT IN THE ELABORATION OF THIS SYSTEM DEVELOPMENTS IN THE PRODUCER/CONSUMER DIALOGUE WILL BE TAKEN INTO ACCOUNT AND THAT MODIFICATIONS MAY BE ADVISABLE." YOU SHOULD ALSO CONFIDENTIAL

CONFIDENTIAL

PAGE 03 STATE 060040

STRESS THAT TO BEST OF OUR KNOWLEDGE ALL OTHER IEA MEMBER COUNTRIES ARE APPARENTLY WILLING TO APPROVE FORMALLY ON MARCH 19-20 THE PRELIMINARY UNDERSTANDING WHICH WE REACHED IN OUR MEETINGS OF MARCH 6-7.

4. FOR LONDON: YOU SHOULD INFORM BRITISH OF OUR APPROACH TO THE SWEDES, INDICATING THAT WE HAD DISQUIETING REPORTS THAT SWEDEN MAY BE PREPARING TO VOTE AGAINST THE DECISION

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

(DO NOT ATTRIBUTE TO DENMARK) AND SUGGESTING THAT THE BRITISH SHOULD MAKE AN APPROACH TO STOCKHOLM SOONEST.

5. FOR BRUSSELS: PLEASE INFORM DAVIGNON OF OUR APPROACH TO THE SWEDES. YOU SHOULD TELL HIM THAT WE HAD INFORMATION TO THE EFFECT THAT SWEDEN MAY BE PREPARING TO VOTE AGAINST THE DRAFT DECISION AND SUGGEST THAT IT MIGHT BE USEFUL IF HE TOO WOULD BEABLE TO MAKE A DIRECT APPROACH TO THE SWEDES. INGERSOLL

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Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

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Margaret P. Grafeld
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EO Systematic Review
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